

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

HB 432 - SB 1220

February 14, 2023

SUMMARY OF BILL: Creates the "Tennessee Future Teacher Scholarship Act of 2023" (Act). Requires the Tennessee Student Assistance Corporation (TSAC) to administer a five-year pilot program to award a scholarship to students in their junior or senior year enrolled in an approved educator preparation program (EPP) at an eligible public postsecondary institution. Requires such students to meet certain criteria to be eligible for the scholarship and to agree to teach in a targeted setting for at least four years. Requires students that did not teach in a targeted setting to reimburse TSAC for each year the student did not teach in a targeted setting. Defines a targeted setting to mean a public school located in a distressed or at-risk county, as determined by the Department of Education (DOE). The pilot program begins with the 2023-2024 academic year and terminates on July 1, 2028.

Requires the Office of Research and Education Accountability (OREA), in the office of the Comptroller of Treasury, to review and study the pilot program in its third and fifth year and to report its findings and conclusions to the Speakers of the Senate and House of Representatives and to the Education Committees of the Senate and House of Representatives by December 31 each year a report is prepared.

FISCAL IMPACT:

Increase State Expenditures –

**\$900,800/FY23-24/Lottery for Education Account
Exceeds \$900,800/FY24-25 through FY27-28/
Lottery for Education Account**

Other Fiscal Impact - Funding of \$900,800 in FY23-24 and funding exceeding \$900,800 in FY24-25 through FY27-28 will not be available for transfer from the Lottery for Education Account to the Tennessee Promise Scholarship Special Reserve Account.

Assumptions:

- The proposed legislation requires the scholarship to not exceed the amount of the cost of tuition and mandatory fees less all other gift aid such as, the federal Pell grant, the Tennessee education lottery scholarship (HOPE), or the Tennessee student assistance award (TSAA).

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- Each student eligible under the Act is estimated to receive other gift aid reducing the amount of the scholarship received under the Act.
- Based on information provided by TSAC:
 - 2,441 junior/senior education majors in FY23-24.
 - 366 students or 15 percent (2,441 x 15%) will participate in the Act with an average of \$9,923 in tuition cost per student.
 - A cost of \$3,631,818 (366 x \$9,923) for tuition for all participants.
 - 329 students or 90 percent (366 x 90%) of participants will receive HOPE with a HOPE scholarship of \$5,700 per student.
 - An award of \$1,875,300 (329 x \$5,700) for HOPE for all participants.
 - 154 students or 42 percent (366 x 42%) of participants will receive a Pell Grant with an average Pell Grant of \$4,458 per student.
 - An average grant of \$686,532 (154 x \$4,458) in Pell Grants for all participants.
 - 99 students or 27 percent (366 x 27%) of participants will receive a TSAA Grant with an average TSAA Grant of \$1,709 per student.
 - An average grant of \$169,191 (99 x \$1,709) in TSAA Grants for all participants.
- An estimated current total gift aid of \$2,731,023 (\$1,875,300 HOPE awards + \$686,532 Pell Grants + \$169,191 TSAA Grants) for all students eligible to participate in the Act.
- The total estimated amount to implement the Act, less all current gift aid, is estimated to result in an increase in state expenditures of \$900,795 (\$3,631,818 tuition cost – \$2,731,023 gift aid) from the Lottery for Education Account in FY23-24.
- In future years tuition cost is expected to increase by three percent annually resulting in an increase in state expenditures of an amount exceeding \$900,795 in FY24-25 through FY27-28 when the Act terminates.
- The DOE can provide a list of targeted settings to TSAC and OREA can study the pilot program and produce the report within existing resources without a significant fiscal impact to state or local government.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.



Krista Lee Carsner, Executive Director

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